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Honorable J. Bennett Johnston, Jr.
Chairman, Committee on Energy
and Natural Resources
United States Senate
364 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Johnston:

Thank you for your April 30 letter addressing the Commission's proposal to reallocate portions of the 1850-2200 MHz (2 GHz) band for emerging technologies. This "emerging technologies" proposal is one of the Commission's most important efforts. I would like to take this opportunity to respond to your concerns that reallocation of this spectrum might adversely impact utilities, and other companies that currently use these frequencies for fixed microwave communication systems.

I want to clarify the Commission's actions in this proceeding, and correct the misimpressions that exist about the Commission's intentions. The Commission is committed to the introduction of new technologies. The primary issue before the Commission in this proceeding is finding ways to strike a balance in spectrum allocation policies that will accommodate new technologies while ensuring that existing users can maintain and enhance the quality of their present operations. I am committed to finding a way to accommodate those competing interests in their proceeding. The Commission has sought comment on a number of ways in which spectrum could be made available for emerging technologies. For example, one proposal would allow incumbent users of the 2 GHz band to remain in the band indefinitely on a co-primary basis.

We are taking several actions to ensure that the concerns of the existing users are fully addressed. In March, I directed the Chief of Staff to assemble a team of senior Commission staff and convene meetings with incumbent users of the 2 GHz band to further explain the Commission's proposals and explore ways to resolve the issues raised by these users. Three of these meetings already have been held, including one with proponents of emerging technologies. All three meetings were attended by interested Congressional staff.

The dialogue between the Commission and the incumbent users already has borne fruit in one significant area. Last week the Commission announced that it would permit existing users of the 2 GHz band to modify or expand their systems in a wide variety of ways without being considered secondary to the outcome of the emerging technologies proceeding. This new policy is important

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to incumbent users, because it permits them to continue to meet their communications needs by making necessary modifications to their microwave systems and removes the possibility that their modifications could be nullified by Commission action in the emerging technologies proceeding.

Additionally, in order to permit the fullest possible public comment on the issues raised by the emerging technologies proposal, including any financial or operational impact upon electric utilities and the petroleum industry, the Commission extended the comment cycle in the proceeding by 45 days. June 5 is the initial comment deadline, and July 6 is the deadline for reply comments. We look forward to the comments filed in the proceeding, and will welcome particularly any additional proposals that might accommodate the competing demands for this important spectrum. Specifically, further notices of proposed rule making will be issued if necessary to address significant technical or operational issues raised in this docket or by authorized PCS experiments.

The Commission is working aggressively in five ways to improve access to alternative spectrum for incumbent users. First, our staff is continuing its work on the 4 and 6 GHz bands and we would consider taking additional action as necessary to facilitate incumbents' use of those bands. The higher frequency bands also are used by many of the 2 GHz incumbents, including power companies. For example, the Commission currently has 186 power company licensees utilizing almost 3,500 microwave links in the 6 GHz spectrum band. Second, we are working with the Commerce Department to gain access for private use of spectrum in the 1710-1850 MHz band that currently is reserved exclusively for Government use. We welcome the opportunity to work with Congress on this issue through oversight or spectrum legislation. Third, the Commission has proposed to facilitate incumbent users' relocation to new spectrum by waiving application rules so that these users could have immediate, preferred access. Technical rules would be developed as necessary to facilitate this relocation. Fourth, the Commission has proposed to permit existing users of the 2 GHz band to voluntarily relocate to other bands after negotiations with new users. As mentioned above, the terms of any voluntary relocation would likely include, at a minimum, payment by the new users of the costs of that relocation. Finally, the Commission recently requested comment on a petition from the Utilities Telecommunications Council proposing amendments to the Commission's rules to provide for use of additional frequencies by private microwave systems.

In response to your specific questions, the cost impact on incumbent users varies depending on which of the many Commission proposals are considered. But under the "co-primary" proposal

described above, there would be no cost impact on the incumbent users unless they voluntarily relocate to a higher band. With regard to reliability of the bands, the staff performed a thorough study on this issue and concluded that reliability equal to or higher than obtained in the 2 GHz band may be obtained at the 4 and 6 GHz bands through common engineering practices. I have enclosed a copy of the staff study for your information (see p.16). The availability of sufficient higher frequencies is also addressed in the staff study. The staff concluded that even in the most congested areas, including New Orleans, the higher bands contain adequate spectrum for incumbents that wish to relocate. With regard to use of the federal government 2 GHz band by emerging technologies, as noted above, we are continuing to work with the Department of Commerce. I am enclosing a report recently published by the Department of Commerce that specifically addresses government use of this band. The Commission has included this report in its emerging technologies proceeding and solicited public comment on it. I also am enclosing a letter that addresses our effort from Thomas J. Sugrue, Acting Assistant Secretary for Communications and Information, Department of Commerce.

One of the Commission's most important goals in this proceeding is accommodating the legitimate needs of the current users of the 2 GHz spectrum while providing for new technologies. We will continue to work closely with existing users of the 2 GHz spectrum, and all parties in this proceeding, to achieve those goals.

Sincerely,

A handwritten signature in black ink, appearing to be 'A. C. Sikes', written over a large, loopy initial 'A'.

Alfred C. Sikes
Chairman

Enclosures

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April 30, 1992

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The Honorable Alfred C. Sikes
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Sikes:

We are deeply concerned by the Federal Communications Commission's proposal to reallocate the 1850-2200 MHz (2 GHz) band of the radio frequency spectrum now used by electric utilities, oil and gas pipelines, railroads, and other private companies using fixed microwave communication systems. As Chairman and Ranking Republican Member of the Senate Committee on Energy and Natural Resources, we view this proposal as a serious threat to the safe and reliable operation of the nation's energy systems.

As you know, electric utilities use frequencies in the 2 GHz band for microwave communications to detect, isolate, and clear fault conditions on high-voltage transmission lines; to relay critical telemetry data between generating stations and control rooms; and to coordinate operations with neighboring utilities and power pools. Oil and gas pipelines use this band to detect leaks and to monitor and operate pumps, block valves, and compressor stations. The Commission has authorized energy companies to use the 2 GHz band for these purposes since the 1950s.

The Commission is now proposing that existing 2 GHz licensees "be reaccommodated on higher frequency...bands" in order to free the 2 GHz band for persons proposing to use it for "new innovative technologies and services." As we understand it, however, the higher frequency bands to which the energy companies would be relegated may not have adequate capacity to accommodate all of the 2 GHz band's current licensees. We are told that there will be a shortage of channels in New Orleans and at least eleven other major cities. In any event, replacing or modifying the energy industry's existing 2 GHz microwave systems to operate on higher frequency undoubtedly would impose significant costs on energy companies.

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Alternatively, the Commission proposes that energy companies may be allowed to continue operating on the 2 GHz band but "on a secondary basis," with new licensees. Under this arrangement, electric utility and oil and gas pipeline communications would be subject to interference and interruption from the communications of the new licensees, whose technical operating parameters have not even been designed yet. Such a situation would pose a serious threat to the reliability of the nation's energy systems and to the public health and safety.

We are doubly distressed by the lack of thoughtful analysis of the consequences of, or even the necessity for, the proposed action. The Commission's Federal Register notice speaks approvingly of the "new opportunities for radio manufacturers and supplier[s] of radio equipment...to develop and sell new equipment," but does not fully address the cost to energy companies and their customers or ratepayers of having to install new communication systems.

Moreover, the notice fails to analyze the alternative course of using available microwave frequencies now reserved for the Federal Government's use (*i.e.*, 1710-1850 and 2200-2290 MHz) for the emerging technologies. As you know, both the Commerce Department's National Telecommunications and Information Administration and the House Committee on Energy and Commerce have found that the federal 2 GHz band is underutilized. Indeed, legislation has already passed the House and is pending in the Senate to require the National Telecommunications and Information Administration to reallocate federal frequencies to emerging technologies. Against this background, the Commission's proposal appears not only ill-considered but inconsistent with the intent of Congress.

Accordingly, we ask that you take no action to adopt the proposed 2 GHz rule or otherwise disrupt the energy industry's vital communications systems until you have provided this Committee with a detailed analysis of:

- (1) the impacts of the proposal on electric utilities and oil and gas pipelines, both in terms of the cost to specific energy companies of changing communication systems and the effects of the proposal on the reliability of the communication systems;

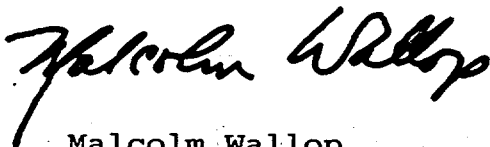
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(2) the availability of sufficient "higher frequency common carrier and private operational fixed microwave bands or...alternative media" to accommodate existing 2 GHz licensees; and

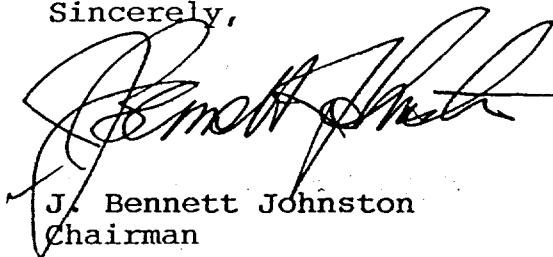
(3) the availability of the federal 2 GHz band for use by emerging technologies.

Until such time as the Commission can demonstrate that the proposed reallocation will not impair the safe and reliable operation of the energy industry's vital communications, it is our intention to support Senator Hollings' efforts to enact legislation to block implementation of the proposed reallocation.

Sincerely,



Malcolm Wallop
Ranking Republican Member



J. Bennett Johnston
Chairman

cc: Senator Hollings